

A few clannish, multinational grain dealers control world's basic foods

MERCHANTS OF GRAIN, by Daniel Morgan, 387 pp. ill.
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By GERALD EGGER

THE ANDRES, BORNS, CARGILLS, Fribourgs, Hirsches, Louis-Dreyfuses, and Macmillians — seven families, some with ancient roots to Napoleonic Europe and others American upstarts of the 1800s, represent one of the most remarkable phenomena in the business world.

Shrouded in secrecy, often with good reason, these "merchant princes" control through five multinational corporations most of the world's trade in basic food commodities, trade estimated to exceed \$50 billion a year.

In no other major industry are all of the leading firms private, family-owned, family-operated and often family-financed, right down to the last few issues of voting stock.

Daniel Morgan, a former foreign correspondent and now agriculture-international resources specialist for The Washington Post, tells in *Merchants of Grain* about the lives of the people and the nature of the companies comprising Big Grain.

Morgan's often colorful narrative traces the interlock between the grain business and diplomacy, showing how foreign oligopolies strengthened their political power and personal riches with the help of American wheat and rice.

HE EXPLAINS HOW THE CIA knew the details of the companies' famed 1972 grain sale to Russia long before American consumers and farmers, and how Henry Kissinger tried to use U.S. food as a weapon against the Russians in 1975, a move that some feel cost Gerald Ford the 1976 election.

A considerable amount of the book deals with the nature of the companies — a one-world approach that pays little attention to political ideologies. Secrecy, close family ties and loyalty are required necessities.

Grain-exporting executives, Morgan says, see the need to protect themselves from commercial disadvantage in a highly competitive, narrow-margin business as a reason for not publicizing their transactions.

Unfortunately, this leaves government policymakers at a disadvantage.

"I T IS NOT ENOUGH FOR them (policymakers) to know that the Russians have poor crops," he writes. "It is also essential to know whether the Russians will cover their deficit with imports, use up their reserves or tighten their belts. The companies always are in a better position to know this than the government."

Of all the grain companies, Cargill, headquartered outside of Minneapolis, grew with the most relentless, purposeful sense of direction. Intelligence gathering was always high on the list at Cargill.

In 1955, the firm set up a company in Switzerland called Tradax to sell grain to Europeans. Within a few years, this elite unit that thrives on intelligence gathering and discretion was Cargill's foreign arm and one of the largest grain companies in the world in its own right.

Some people in the grain trade claim that Cargill traders are so plugged in to crop developments, currency

movements and political changes in foreign countries that CIA agents meet with them regularly.

One advantage of private ownership, and one reason for the success in the grain families perpetuating control, Morgan says, is the "comparative ease of moving money around. There are no public stockholders, no requirements to file detailed financial reports with federal regulatory agencies. In a sense, the companies (Cargill, Continental, Bunge, Louis Dreyfus and Andre) act like giant banks."

THIS BOOK HAS MUCH MORE — the role played by ports in Houston and Galveston in global grain trade, how overseas customers were cheated in New Orleans grain-elevator scandals, and the Department of Agriculture's role in making the Shah's Iran an agricultural dependency of the United States. It's fascinating reading.

Egger is business editor of The Post.